

# Common Questions about Lowering Your Health Insurance Costs

## Why did my health insurance costs increase so much for next year?

The cost of insurance is rising. The state is spending more to offer coverage, but the rates are also rising for employees. The plans with the greatest cost increases for employees are Anthem Trad II and M-Plan II. These plans both offer very rich benefit packages so employees that use these plans will pay more—just like an employee would expect to pay more for a Cadillac than for a Chevrolet.

## How Can I lower my costs?

There are great choices offered which could mean many employees *spend less* than they did last year for health insurance. The key is that many employees don't need a "Cadillac" health plan. Check out the following example.

### Example

In 2006, you have family coverage with Anthem Trad II and your family consists of your spouse and two teenage children. For 2007, you are debating between Anthem Trad II and HDHP II. What coverage do you really need? You look over your medical expenses for the last few years and note that in addition to annual physicals, your family has averaged about 6 doctor's visits a year and your family has filled a total of 15 prescriptions each year, 12 of which were generic. Let's compare what your costs would be with the High Deductible Health Plan II (HDHP) with the health savings account (HSA) versus Trad II. First, we need to recognize that all preventive care in the high deductible plan is covered at 100% and is NOT subject to the deductible.

2007 High Deductible II		2007 Anthem Trad II	
Annual premium	\$ 959	Annual premium	\$3,481
Annual physicals	0	Annual physicals for family (4@ 20)	80
Doctor visit (6 @ \$75 ea.)	\$ 450	Doctor visit co-pays (6 @ \$20 ea.)	\$ 120
Rx generic(12 @ \$10 ea.)	\$ 120	Rx co-pays generic (12 @ \$10 ea.)	\$ 120
Rx brand (3@ \$80)	\$ 240	Rx co-pays tier 2 (3 @ \$20 ea.)	\$ 60
<b>Total</b>	<b>\$1769</b>	<b>Total with Trad II 2007</b>	<b>\$3,861</b>
Less State contribution to HSA	\$1870		
<b>Employee pockets \$101!</b>			

**Bottom line:** The HDHP II plan offers the same physicians, same hospitals, same facilities, for *less money in this example than what you would spend in just premiums for 2007 for Trad II or M-Plan II.* In addition, with HDHP II, all preventive care (well baby visits, mammograms, annual physicals, etc.) is covered 100 percent.

**Are the costs going up because Insurance companies are pocketing more profit?**

Anthem Trad II and both high deductible health plans are self insured by the State and administered by Anthem. Anthem's fee for administration is a flat fee that is included in their contract so Anthem does not make more when rates go up. However, several times in the last few years the state had to transfer money into these plans because the cost of claims exceeded the premiums collected. M-Plan is an insurer, but its current rates resulted from a competitive bidding process and some tough negotiating.

**Is the state not paying as much for our health insurance next year?**

The State already pays most of your health insurance premiums and will pay even more money next year. For 2007, the percentage the State covers ranges from 77% for Trad II all the way to 100% for HDHP I and the Tricare Companion. The national average for employer contributions is 80%. It is only fair that employees who want the Cadillac coverage pay more for their coverage than employees who are willing to enroll in plans that cost less and better suit their individual health needs.

**Would I get better coverage at lower cost if I worked somewhere else?**

There will be instances where some employers can provide a better health insurance package than we provide at the State, but quite honestly we believe those are far and few between. What we all can do to try to keep our coverage competitive is to participate in some of the programs the State is offering this year to improve your health concerns proactively. If you haven't participated in One Care Street, there is still time to do so. Have you also considered not smoking and then participating in the Tobacco non-user incentive?

**Is the state pushing these high-deductible plans because they cost less?**

The State wants its employees to have a choice in health insurance and that is why we devote so much time to develop these options and negotiate with carriers to get the best price available. If the State wanted everyone in a high deductible plan, then that is all we would offer.